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Financing of the United Nations Mission in Ethiopia and Eritrea

Financial performance report for the period from 1 July 2004 to 30 June 2005 and proposed budget for the period from 1 July 2006 to 30 June 2007 of the United Nations Mission in Ethiopia and Eritrea

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation 2004/05	$205,331,600
Expenditure 2004/05	$180,330,300
Appropriation 2005/06	$176,664,400
Proposal submitted by the Secretary-General for 2006/07	$175,266,900
Recommendation of the Advisory Committee for 2006/07	$175,266,900

I. Introduction

1. **The Advisory Committee on Administrative and Budgetary Questions recommends acceptance of the proposal of the Secretary-General on the financing of the United Nations Mission in Ethiopia and Eritrea (UNMEE) for the period from 1 July 2006 to 30 June 2007.** In the paragraphs below, the Advisory Committee makes a number of observations and recommendations regarding the administration and management of the Mission and opportunities for savings.

2. The general report of the Advisory Committee on United Nations peacekeeping operations will contain its views and recommendations on a number of cross-cutting issues. In the paragraphs below, the Advisory Committee deals with resources and other items that relate specifically to UNMEE.

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3. The documents used by the Advisory Committee in its consideration of the financing of UNMEE are listed at the end of the present report.

II. Financial performance report for the period from 1 July 2004 to 30 June 2005

4. On the recommendation of the Advisory Committee, the General Assembly, by its resolution 58/302, appropriated to the Special Account for UNMEE an amount of $216,030,500 for the period from 1 July 2004 to 30 June 2005, inclusive of $198,331,600 for the maintenance of the Mission, $7,000,000 for the strengthening of the safety and security of the staff and premises of the Mission (see resolution 58/295), $8,746,800 for the support account for peacekeeping operations and $1,952,100 for the United Nations Logistics Base at Brindisi, Italy. Expenditures for the period from 1 July 2004 to 30 June 2005 totalled $180,330,300 gross ($176,329,400 net) (see A/60/615, sect. III.A).

5. The resulting unencumbered balance of $25,001,300 gross ($24,444,800 net) represents, in gross terms, 12.2 per cent of the appropriation. The unutilized balance is mostly attributable to savings under (a) military and police personnel ($12,000,100), owing to a phased downsizing of the military contingents; (b) civilian personnel ($644,900) due primarily to the downsizing of the Mission; and (c) operational requirements ($12,356,300), resulting mainly from the delayed construction of a new Mission headquarters and relocation of communications facilities and from the reconfiguration of air assets, including the surrender of the executive jet, and the non-utilization of three standby aircraft.

6. The comments of the Advisory Committee on the information in the performance report on individual objects of expenditure can be found in the discussion of the proposed budget for the period from 1 July 2006 to 30 June 2007 in section IV below.

7. The Secretary-General, in his report on liabilities and proposed funding for after-service health insurance benefits (A/60/450 and Corr.1), proposed a number of measures that needed to be taken to fund and account for the accrued liabilities for after-service health insurance benefits. The measures provided, inter alia, for the transfer of $250.0 million from unencumbered balances and savings on, or cancellation of prior period's obligations of, active peacekeeping missions as at the end of the 2005 fiscal year. **Depending on what the General Assembly may decide, there may be a consequential impact on the financing of UNMEE and other peacekeeping operations.**

III. Information on performance for the current period

8. The Advisory Committee was informed that, as at 31 December 2005, a total of $1,051,153,000 had been assessed on Member States in respect of UNMEE since its inception. Payments received amounted to $998,922,000, leaving an outstanding balance of $52,231,000 as at 31 December 2005. The cash position of the Mission as at 31 December 2005 was $52,100,000 and unliquidated obligations for the period from 1 July 2004 to 30 June 2005 amounted to $8,618,000.

9. The Advisory Committee was informed that payments made to Member States in respect of troop-cost reimbursement for the period since the inception of the Mission amounted to $240,411,000 as at 31 October 2005 and that $7,122,000 was owed to Member States for troop costs for the period from 1 November to 31 December 2005. With regard to contingent-owed equipment, the Advisory Committee was informed that payments made to Member States as at 31 December 2005 amounted to $148,198,000 and that $6,437,000 was owed to Member States.

10. The Advisory Committee was informed that as at 31 December 2005, the incumbency was as follows:

	Authorized	*Encumbered*	*Vacancy rate (percentage)*
Military observers	220	202	8.2
Military contingents	3 184	3 128	1.7
International staff	230	190	17.4
National staff	246	236	4.1
United Nations Volunteers	74	74	0

11. The Advisory Committee was provided with expenditure data as at 31 December 2005 (see the annex to the present report) for the period from 1 July 2005 to 30 June 2006. Expenditure for the period amounted to $123,050,600 gross ($121,106,000 net) against an apportionment of $176,664,400 gross ($172,186,900 net).

IV. Proposed budget for the period from 1 July 2006 to 30 June 2007

A. Mandate and planned results

12. **The Advisory Committee notes and welcomes further progress in the results-based budget presentation for UNMEE for 2006/07. The performance report describes activities of the Mission and allows a comparison of performance against the planned results-based frameworks that were set out in the 2004/05 budget for UNMEE. At the same time, the Committee expects that future performance reports will indicate more precisely the role of the Mission in implementing its mandate.**

13. The Secretary-General, in his recent report to the Security Council, indicated that UNMEE was undertaking a comprehensive review of requirements and actions that needed to be taken by the Mission to enable it to extend its mandated support to the demarcation process, without delay, when requested to do so (S/2006/140, para. 33). The Committee also notes from the report that the Department of Peacekeeping Operations, in consultation with UNMEE, has been undertaking detailed contingency planning with respect to possible options for the future deployment of the Mission, namely, conversion to an observer mission, redeployment of the Mission's Asmara headquarters presence, along with military units integral to it, to Ethiopia and, lastly reduction to a liaison presence in both capitals (S/2006/140, para. 13).

14. The Security Council, by its resolution 1670 (2006), decided to extend the mandate of UNMEE for a period of one month, until 15 May 2006. Should the mandate of UNMEE be extended by the Council beyond 15 May 2006, the cost of maintaining the Mission until 30 June 2006 would be limited to the amount approved by the General Assembly in resolution 59/303, namely $185,993,300 (inclusive of $176,664,400 for the maintenance of the Mission), equivalent to $15,499,441 per month, for the financial period from 1 July 2005 to 30 June 2006. The cost of maintaining the Mission during the financial period from 1 July 2006 to 30 June 2007 will depend on the duration of the mandate of the Mission as may be approved by the Security Council and will be limited to the amount which may be authorized by the General Assembly for the maintenance of UNMEE during the financial period from 1 July 2006 to 30 June 2007.

B. Resource requirements

1. Military and police personnel

Category	*Authorized 2005/06*[a]	*Proposed 2006/07*
Military observers	220	230
Military contingent personnel	3 184	3 174

[a] Represents highest level of authorized strength.

15. The provision for military and police personnel for the period from 30 June 2006 to 31 July 2007, estimated at $78,085,300, reflects a net decrease of $1,512,400 (1.9 per cent), compared to the apportionment for 2005/06. The increase in the number of military observers from 220 to 230 was approved by the Security Council in its resolution 1622 (2005). The net decrease in resource requirements under military and police personnel is attributable primarily to (a) the reduced provision for reimbursement to troop-contributing countries for troop costs and contingent-owned equipment provided under self-sustainment resulting from a reduction in the budgeted strength from 3,184 to 3,174 contingent personnel; and (b) reduced requirements for freight for contingent-owned equipment.

2. Civilian personnel

Category	*Approved 2005/06*	*Proposed 2006/07*
International staff[a]	230	228
National staff[b]	246	248
United Nations Volunteers	74	74

[a] Representing highest level of authorized/proposed strength.
[b] Includes national officers and national General Service staff.

16. The Committee notes that although the proposed staffing establishment reflects a net reduction of two international and an increase of two national General Service posts for the financial period 2006/07, the budgetary requirements under civilian personnel reflect an increase of $798,100 which is due mainly to the

application of revised standard parameters of salaries and common staff costs and to the increased provision for mission subsistence allowance related to five international positions of the Conduct and Discipline Team.

Recommendation on posts

17. *Establishment of seven positions (1 P-5, 2 P-4, 1 P-2, 1 Field Service and 2 General Service national positions) for a Conduct and Discipline Team (component: executive direction and management).* As indicated in the budget submission, these would be temporary positions to be funded from general temporary assistance. However, the Advisory Committee notes that these posts are included in the staffing table of the Mission and are proposed for the entire financial period of 2006/07. **It is the Advisory Committee's view that the related cost should be reflected as posts rather than general temporary assistance. This is a new function and the Committee comments on it further in its general report. While it does not object to the proposed resource requirements for the Conduct and Discipline Team at UNMEE, the Advisory Committee expects that these resources will be used for the intended purpose only and in full compliance with resolution 59/296 (sect. XIV, para. 4 (d)), in which the General Assembly requested the Secretary-General to provide, inter alia, "full justification of resource requirements, both at Headquarters and in the field, taking into account the specificities of each mission and based on empirical data on the number of allegations and cases of sexual exploitation and abuse". Any savings that might arise in the context of addressing this provision of resolution 59/296 should be reflected in the performance report, which should include specific data on the workload of the Conduct and Discipline Team.**

18. *Conversion of two international General Service posts to national level General Service posts (component 3, support).* **The Advisory Committee recommends approval of the conversion.**

Other observations and recommendations

19. The Committee notes that the budget submission provides for the redeployment of the Security Section (4 Professional posts, 15 Field Service posts, 1 international General Service post and 8 national General Service posts) from the Office of the Chief Administrative Officer to the Office of the Special Representative of the Secretary-General. Moreover, 2 United Nations Volunteer posts will be redeployed from the Office of the Chief of Integrated Support Services (1 post) and the HIV/AIDS Unit (1 post) to the UNV Support Unit. **The Committee has no objection to the proposed redeployments.**

3. Operational costs

Apportioned 2005/06	*Proposed 2006/07*	*Variance*
$64 348 400	$63 665 200	($683 200)

20. The main factors contributing to the reduced requirements under operational costs are decreased requirements under other supplies, services and equipment, information technology, communications, official travel and medical services, as follows:

(a) A decrease of $1,203,600 under other supplies, services and equipment is due mainly to the elimination of the provision for mine detection and mine-clearing services in support of demarcation, as the Mission anticipated that the demarcation of pillar sites would be delayed;

(b) A decrease of $336,600 under information technology is due primarily to the reduction in the monthly cost of international contractual services and to a lower level of replacement of equipment, compared with the current financial period;

(c) A decrease of $232,200 under communications is attributable mainly to a less expensive programme of acquisition of communications equipment, compared with the current financial period, and to a reduction in the monthly rate applicable to international contractual services;

(d) A decrease of $179,300 under travel reflects primarily the exclusion of travel requirements of headquarters staff to the mission area and lower requirements for training-related travel as the Mission plans to focus on training within the mission area; and

(e) A decrease of $107,700 under medical services reflects primarily actual expenditure pattern of prior financial periods.

21. The net decrease of $683,200 in proposed requirements under operational costs reflects also the impact of an increase of $635,500 under general temporary assistance, an increase of $602,100 under air transportation and an increase of $220,800 under ground transportation.

22. The estimated provision of $635,500 under general temporary assistance relates to the establishment of a Conduct and Discipline Team (see para. 17 above).

23. The additional requirements of $602,100 and $220,800 under air transportation and ground transportation, respectively, are due mainly to sharp increases in fuel prices in the mission area (from $0.50 to $1.00 per litre for aviation fuel and from $0.52 to $1.07 per litre for petrol, oils and lubricants).

Quick-impact projects

24. The Committee observes that the Mission envisages the implementation of 50 quick-impact projects in health, education and water in the temporary security zone and adjacent areas. The Committee was informed that such projects would be funded from voluntary contributions. **The Committee requests that the next budget submission for UNMEE indicate the projected level of voluntary contributions for quick-impact projects.**

V. Conclusion

25. The action to be taken by the General Assembly in connection with the financing of UNMEE for the period from 1 July 2004 to 30 June 2005 is indicated in paragraph 21 of the performance report on the budget of UNMEE (A/60/615). **The Advisory Committee recommends that the unencumbered balance of $25,001,300, as well as other income and adjustments in the amount of $7,152,900, be credited to Member States in a manner to be determined by the General Assembly.**

26. The action to be taken by the General Assembly in connection with the financing of UNMEE for the period from 1 July 2006 to 30 June 2007 is indicated in paragraph 24 of the proposed budget for 2006/07 (A/60/636). **In view of its comments in the present report and pending such further action as the Security Council may take with regard to this Mission, the Advisory Committee recommends acceptance of the Secretary-General's proposal for UNMEE. Should the Security Council take action that would modify the scope of the Mission's operations foreseen in the budget submission for the financial period 2006-2007, revised estimates should be presented expeditiously.**

Documentation

- Performance report on the budget of the United Nations Mission in Ethiopia and Eritrea for the period from 1 July 2004 to 30 June 2005: report of the Secretary-General (A/60/615)
- Budget for the United Nations Mission in Ethiopia and Eritrea for the period from 1 July 2006 to 30 June 2007: report of the Secretary-General (A/60/636 and Corr.1)
- General Assembly resolutions 58/302 of 18 June 2004 and 59/303 of 22 June 2005.
- Reports of the Secretary-General on Ethiopia and Eritrea (S/2006/1 and S/2006/140)
- Security Council resolutions 1622 (2005) and 1670 (2006)

Annex

Actual expenditures for the period from 1 July 2005 to 30 June 2006 as at 31 December 2005

(Thousands of United States dollars)

Category	*Apportionment*	*Expenditures as at 31 December 2005*
Military and police personnel		
Military observers	7 308.8	3 649.7
Military contingents	72 288.9	64 373.6
Civilian police	—	—
Formed police units	—	—
Subtotal	**79 597.7**	**68 023.3**
Civilian personnel		
International staff	29 113.2	12 629.8
National staff	1 065.0	615.5
United Nations Volunteers	2 540.1	1 486.3
Subtotal	**32 718.3**	**14 731.6**
Operational costs		
General temporary assistance	—	—
Government-provided personnel	—	—
Civilian electoral observers	—	—
Consultants	—	—
Official travel	700.0	191.8
Facilities and infrastructure	16 538.3	8 416.5
Ground transportation	5 873.7	1 466.5
Air transportation	21 869.7	16 778.6
Naval transportation	—	—
Communications	5 993.0	3 713.0
Information technology	1 425.1	621.8
Medical	2 276.2	2 335.1
Special equipment	1 412.9	1 378.8
Other supplies, services and equipment	8 259.5	5 393.6
Quick-impact projects	—	—
Subtotal	**64 348.4**	**40 295.7**
Gross requirements	**176 664.4**	**123 050.6**
Staff assessment income	4 477.5	1 944.6
Net requirements	**172 186.9**	**121 106.0**
Voluntary contributions in kind (budgeted)	—	—
Total requirements	**176 664.4**	**123 050.6**